Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0047

2005

Open to Public Inspection

A For the 2005 calendar year, or tax year beginning JUL 1, 2005 and ending JUN 30, 2006

B Check if applicable: ☐ Address change ☐ Name change ☐ Initial return ☐ Final return ☐ Amended return ☐ Application pending

Please use IRS label or print or type. See Specific Instructions.

C Name of organization: INSTITUTE FOR JUSTICE

Number and street (or P O box if mail is not delivered to street address): 901 NORTH GLEBE ROAD — Room/suite: 900

City or town, state or country, and ZIP + 4: ARLINGTON, VA 22203

D Employer identification number: 52-1744337

E Telephone number: 703-682-9320

F Accounting method: ☐ Cash ☒ Accrual ☐ Other (specify) ▶

• Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

H and I are not applicable to section 527 organizations.

H(a) Is this a group return for affiliates? ☐ Yes ☒ No

H(b) If "Yes," enter number of affiliates ▶ N/A

H(c) Are all affiliates included? N/A ☐ Yes ☐ No (If "No," attach a list)

H(d) Is this a separate return filed by an organization covered by a group ruling? ☐ Yes ☒ No

I Group Exemption Number ▶ N/A

G Website: ▶ WWW.IJ.ORG

J Organization type (check only one) ▶ ☒ 501(c) (3) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

K Check here ▶ ☐ if the organization's gross receipts are normally not more than $25,000 The organization need not file a return with the IRS, but if the organization chooses to file a return, be sure to file a complete return **Some states require a complete return**

M Check ▶ ☐ if the organization is **not** required to attach Sch B (Form 990, 990-EZ, or 990-PF)

L Gross receipts Add lines 6b, 8b, 9b, and 10b to line 12 ▶ 11,465,404.

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances

Revenue	1	Contributions, gifts, grants, and similar amounts received				
	a	Direct public support	1a	7,458,731.		
	b	Indirect public support	1b			
	c	Government contributions (grants)	1c			
	d	Total (add lines 1a through 1c) (cash $ 7,458,731. noncash $)			1d	7,458,731.
	2	Program service revenue including government fees and contracts (from Part VII, line 93)			2	51,803.
	3	Membership dues and assessments			3	
	4	Interest on savings and temporary cash investments			4	302,274.
	5	Dividends and interest from securities			5	
	6 a	Gross rents SEE STATEMENT 1	6a	4,542.		
	b	Less rental expenses	6b			
	c	Net rental income or (loss) (subtract line 6b from line 6a)			6c	4,542.
	7	Other investment income (describe ▶)			7	

		(A) Securities		(B) Other		
8 a	Gross amount from sales of assets other than inventory	3,648,054.	8a			
b	Less cost or other basis and sales expenses	3,649,568.	8b	5,756.		
c	Gain or (loss) (attach schedule)	<1,514.>	8c	<5,756.>		
d	Net gain or (loss) (combine line 8c, columns (A) and (B))	STMT 2		STMT 3	8d	<7,270.>

	9	Special events and activities (attach schedule) If any amount is from gaming, check here ▶ ☐				
	a	Gross revenue (not including $ ______ of contributions reported on line 1a)	9a			
	b	Less direct expenses other than fundraising expenses	9b			
	c	Net income or (loss) from special events (subtract line 9b from line 9a)			9c	
	10 a	Gross sales of inventory, less returns and allowances	10a			
	b	Less cost of goods sold	10b			
	c	Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)			10c	
	11	Other revenue (from Part VII, line 103)			11	
	12	**Total revenue** (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)			12	7,810,080.
Expenses	13	Program services (from line 44, column (B))			13	5,690,306.
	14	Management and general (from line 44, column (C))			14	630,545.
	15	Fundraising (from line 44, column (D))			15	597,060.
	16	Payments to affiliates (attach schedule)			16	
	17	**Total expenses** (add lines 16 and 44, column (A))			17	6,917,911.
Net Assets	18	Excess or (deficit) for the year (subtract line 17 from line 12)			18	892,169.
	19	Net assets or fund balances at beginning of year (from line 73, column (A))			19	11,986,049.
	20	Other changes in net assets or fund balances (attach explanation) SEE STATEMENT 4			20	1,260,957.
	21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)			21	14,139,175.

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6

Part II **Statement of Functional Expenses** All organizations must complete column (A) Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22 Grants and allocations (attach schedule) (cash $ 0. noncash $ 0.) If this amount includes foreign grants, check here ▶ ☐	22				
23 Specific assistance to individuals (attach schedule)	23				
24 Benefits paid to or for members (attach schedule)	24				
25 Compensation of officers, directors, etc **	25	548,412.	461,435.	43,161.	43,816.
26 Other salaries and wages	26	3,095,499.	2,604,602.	243,577.	247,320.
27 Pension plan contributions	27	193,237.	157,917.	16,624.	18,696.
28 Other employee benefits	28	194,418.	159,082.	17,567.	17,769.
29 Payroll taxes	29	245,552.	203,737.	20,817.	20,998.
30 Professional fundraising fees	30				
31 Accounting fees	31	123,575.	80,114.	43,461.	
32 Legal fees	32				
33 Supplies	33	111,347.	90,907.	9,748.	10,692.
34 Telephone	34	89,221.	78,412.	6,933.	3,876.
35 Postage and shipping	35	81,987.	38,622.	5,540.	37,825.
36 Occupancy	36	577,260.	484,697.	47,016.	45,547.
37 Equipment rental and maintenance	37	9,025.	7,451.	1,054.	520.
38 Printing and publications	38	289,759.	192,824.	15,657.	81,278.
39 Travel	39	303,370.	277,331.	7,647.	18,392.
40 Conferences, conventions, and meetings	40	12,549.	10,874.		1,675.
41 Interest	41	4,020.		4,020.	
42 Depreciation, depletion, etc (attach schedule)	42	217,351.	181,177.	15,534.	20,640.
43 Other expenses not covered above (itemize)					
a	43a				
b	43b				
c	43c				
d	43d				
e	43e				
f	43f				
g SEE STATEMENT 5	43g	821,329.	661,124.	132,189.	28,016.
44 **Total functional expenses.** Add lines 22 through 43 (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	44	6,917,911.	5,690,306.	630,545.	597,060.

Joint Costs. Check ▶ ☐ if you are following SOP 98-2.

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? ▶ ☐ Yes ☒ No

If "Yes," enter (i) the aggregate amount of these joint costs $ N/A , (ii) the amount allocated to Program services $ N/A ,

(iii) the amount allocated to Management and general $ N/A , and (iv) the amount allocated to Fundraising $ N/A

** SEE STATEMENT 6

Part III **Statement of Program Service Accomplishments** *(See the instructions)*

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization How the public perceives an organization in such cases may be determined by the information presented on its return Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments

What is the organization's primary exempt purpose? ▶ SEE STATEMENT 7

All organizations must describe their exempt purpose achievements in a clear and concise manner State the number of clients served, publications issued, etc Discuss achievements that are not measurable (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others)

	Program Service Expenses (Required for 501(c)(3) and (4) orgs , and 4947(a)(1) trusts, but optional for others)
a PROTECT THE CONSTITUTIONAL RIGHTS OF AMERICANS THROUGH LITIGATION; EDUCATE THE PUBLIC ABOUT ISSUES VITAL TO LIBERTY THROUGH MEDIA RELATIONS AND OUTREACH EVENTS; TRAIN LAWYERS AND STUDENTS TO PRESERVE CIVIL LIBERTIES. (Grants and allocations $) If this amount includes foreign grants, check here ▶ ☐	5,690,306.
b (Grants and allocations $) If this amount includes foreign grants, check here ▶ ☐	
c (Grants and allocations $) If this amount includes foreign grants, check here ▶ ☐	
d (Grants and allocations $) If this amount includes foreign grants, check here ▶ ☐	
e Other program services (attach schedule) (Grants and allocations $) If this amount includes foreign grants, check here ▶ ☐	
f **Total of Program Service Expenses** (should equal line 44, column (B), Program services) ▶	5,690,306.

Part IV Balance Sheets *(See the instructions.)*

Note: *Where required, attached schedules and amounts within the description column should be for end-of-year amounts only*

				(A) Beginning of year		(B) End of year
Assets	45	Cash - non-interest-bearing		1,434,302.	45	660,888.
	46	Savings and temporary cash investments			46	
	47 a	Accounts receivable	47a 29,121.			
	b	Less allowance for doubtful accounts	47b	18,926.	47c	29,121.
	48 a	Pledges receivable	48a 231,400.			
	b	Less allowance for doubtful accounts	48b	476,400.	48c	231,400.
	49	Grants receivable			49	
	50	Receivables from officers, directors, trustees, and key employees			50	
	51 a	Other notes and loans receivable	51a			
	b	Less: allowance for doubtful accounts	51b		51c	
	52	Inventories for sale or use			52	
	53	Prepaid expenses and deferred charges		153,768.	53	130,641.
	54	Investments - securities STMT 8 STMT 11 ▶ ☐ Cost ☒ FMV		9,145,364.	54	12,008,592.
	55 a	Investments - land, buildings, and equipment basis	55a			
	b	Less accumulated depreciation	55b		55c	
	56	Investments - other		870,000.	56	0.
	57 a	Land, buildings, and equipment basis	57a 2,165,738.			
	b	Less accumulated depreciation STMT 9	57b 756,809.	184,076.	57c	1,408,929.
	58	Other assets (describe ▶)			58	
	59	**Total assets** (must equal line 74) Add lines 45 through 58		12,282,836.	59	14,469,571.
Liabilities	60	Accounts payable and accrued expenses		251,210.	60	247,056.
	61	Grants payable			61	
	62	Deferred revenue			62	
	63	Loans from officers, directors, trustees, and key employees			63	
	64 a	Tax-exempt bond liabilities			64a	
	b	Mortgages and other notes payable			64b	
	65	Other liabilities (describe ▶ SEE STATEMENT 10)		45,577.	65	83,340.
	66	**Total liabilities.** Add lines 60 through 65)		296,787.	66	330,396.
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶** ☒ and complete lines 67 through 69 and lines 73 and 74				
	67	Unrestricted		10,184,129.	67	12,763,166.
	68	Temporarily restricted		1,801,920.	68	1,376,009.
	69	Permanently restricted			69	
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 70 through 74.				
	70	Capital stock, trust principal, or current funds			70	
	71	Paid-in or capital surplus, or land, building, and equipment fund			71	
	72	Retained earnings, endowment, accumulated income, or other funds			72	
	73	**Total net assets or fund balances** (add lines 67 through 69 or lines 70 through 72, column (A) must equal line 19, column (B) must equal line 21)		11,986,049.	73	14,139,175.
	74	**Total liabilities and net assets/fund balances.** Add lines 66 and 73		12,282,836.	74	14,469,571.

Part IV-A **Reconciliation of Revenue per Audited Financial Statements With Revenue per Return** *(See the instructions)*

a	Total revenue, gains, and other support per audited financial statements			a	9,076,793.
b	Amounts included on line a but not on Part I, line 12.				
1	Net unrealized gains on investments	b1	1,260,957.		
2	Donated services and use of facilities	b2			
3	Recoveries of prior year grants	b3			
4	Other (specify) DISPOSAL OF EQUIPMENT	b4	5,756.		
	Add lines b1 through b4			b	1,266,713.
c	Subtract line b from line a			c	7,810,080.
d	Amounts included on Part I, line 12, but not on line a:				
1	Investment expenses not included on Part I, line 6b	d1			
2	Other (specify)	d2			
	Add lines d1 and d2			d	0.
e	**Total revenue** (Part I, line 12) Add lines c and d ▶			e	7,810,080.

Part IV-B **Reconciliation of Expenses per Audited Financial Statements With Expenses per Return**

a	Total expenses and losses per audited financial statements			a	6,923,667.
b	Amounts included on line a but not on Part I, line 17				
1	Donated services and use of facilities	b1			
2	Prior year adjustments reported on Part I, line 20	b2			
3	Losses reported on Part I, line 20	b3			
4	Other (specify) DISPOSAL OF EQUIPMENT	b4	5,756.		
	Add lines b1 through b4			b	5,756.
c	Subtract line b from line a			c	6,917,911.
d	Amounts included on Part I, line 17, but not on line a:				
1	Investment expenses not included on Part I, line 6b	d1			
2	Other (specify)	d2			
	Add lines d1 and d2			d	0.
e	**Total expenses** (Part I, line 17) Add lines c and d ▶			e	6,917,911.

Part V-A **Current Officers, Directors, Trustees, and Key Employees** (List each person who was an officer, director, trustee, or key employee at any time during the year even if they were not compensated.) *(See the instructions)*

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-)	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
SEE STATEMENT 12		478,986.	69,426.	0.

Part V-A Current Officers, Directors, Trustees, and Key Employees *(continued)*

		Yes	No
75 a Enter the total number of officers, directors, and trustees permitted to vote on organization business at board meetings ▶ 10			
b Are any officers, directors trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, related to each other through family or business relationships? If "Yes," attach a statement that identifies the individuals and explains the relationship(s)	75b		X
c Do any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, receive compensation from any other organizations, whether tax exempt or taxable, that are related to this organization through common supervision or common control?	75c		X
Note. Related organizations include section 509(a)(3) supporting organizations If "Yes," attach a statement that identifies the individuals, explains the relationship between this organization and the other organization(s), and describes the compensation arrangements, including amounts paid to each individual by each related organization			
d Does the organization have a written conflict of interest policy?	75d		X

Part V-B Former Officers, Directors, Trustees, and Key Employees That Received Compensation or Other Benefits (If any former officer, director, trustee, or key employee received compensation or other benefits (described below) during the year, list that person below and enter the amount of compensation or other benefits in the appropriate column. See the instructions)

(A) Name and address	(B) Loans and Advances	(C) Compensation	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
NONE				

Part VI Other Information *(See the instructions)*

		Yes	No
76 Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity	76		X
77 Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes.	77		X
78 a Did the organization have unrelated business gross income of $1,000 or more during the year covered by this return?	78a		X
b If "Yes," has it filed a tax return on **Form 990-T** for this year? N/A	78b		
79 Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement	79		X
80 a Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc , to any other exempt or nonexempt organization?	80a		X
b If "Yes," enter the name of the organization ▶ N/A and check whether it is ☐ exempt or ☐ nonexempt			
81 a Enter direct or indirect political expenditures. (See line 81 instructions.) 81a 0.			
b Did the organization file **Form 1120-POL** for this year?	81b		X

Part VI Other Information *(continued)*

				Yes	No
82 a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?		82a		X
b	If "Yes," you may indicate the value of these items here Do not include this amount as revenue in Part I or as an expense in Part II (See instructions in Part III)	82b N/A			
83 a	Did the organization comply with the public inspection requirements for returns and exemption applications?		83a	X	
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?		83b	X	
84 a	Did the organization solicit any contributions or gifts that were not tax deductible?	N/A	84a		
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	N/A	84b		
85	*501(c)(4), (5), or (6) organizations* **a** Were substantially all dues nondeductible by members?	N/A	85a		
b	Did the organization make only in-house lobbying expenditures of $2,000 or less?	N/A	85b		
	If "Yes" was answered to either 85a or 85b, **do not** complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year				
c	Dues, assessments, and similar amounts from members	85c N/A			
d	Section 162(e) lobbying and political expenditures	85d N/A			
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e N/A			
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f N/A			
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	N/A	85g		
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	N/A	85h		
86	*501(c)(7) organizations* Enter **a** Initiation fees and capital contributions included on line 12	86a N/A			
b	Gross receipts, included on line 12, for public use of club facilities	86b N/A			
87	*501(c)(12) organizations* Enter **a** Gross income from members or shareholders	87a N/A			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	87b N/A			
88	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? If "Yes," complete Part IX		88		X
89 a	*501(c)(3) organizations* Enter Amount of tax imposed on the organization during the year under section 4911 ▶ 0. , section 4912 ▶ 0. , section 4955 ▶ 0.				
b	*501(c)(3) and 501(c)(4) organizations* Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction		89b		X
c	Enter Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958	▶ 0.			
d	Enter Amount of tax on line 89c, above, reimbursed by the organization	▶ 0.			

90 a List the states with which a copy of this return is filed ▶ SEE STATEMENT 13

b Number of employees employed in the pay period that includes March 12, 2005 — 90b 46

91 a The books are in care of ▶ THE ORGANIZATION Telephone no ▶ 703-682-9320

Located at ▶ 901 NORTH GLEBE ROAD, STE 900, ARLINGTON, VA ZIP + 4 ▶ 22203

			Yes	No
b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	91b		X
	If "Yes," enter the name of the foreign country ▶ N/A			
	See the instructions for exceptions and filing requirements for **Form TD F 90-22.1,** Report of Foreign Bank and Financial Accounts			
c	At any time during the calendar year, did the organization maintain an office outside of the United States?	91c		X
	If "Yes," enter the name of the foreign country ▶ N/A			

92 *Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of* **Form 1041** - Check here ▶ ☐ and enter the amount of tax-exempt interest received or accrued during the tax year ▶ 92 N/A

Part VII | Analysis of Income-Producing Activities *(See the instructions)*

Note: *Enter gross amounts unless otherwise indicated*	Unrelated business income (A) Business code	Unrelated business income (B) Amount	Excluded by section 512, 513, or 514 (C) Exclusion code	Excluded by section 512, 513, or 514 (D) Amount	(E) Related or exempt function income
93 Program service revenue					
a MISCELLANEOUS					47,353.
b HONORARIA					4,450.
c					
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments			14	302,274.	
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate					
a debt-financed property					4,542.
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory			18	<7,270.>	
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue.					
a					
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		0.		295,004.	56,345.
105 Total (add line 104, columns (B), (D), and (E)) ▶					351,349.

Note: *Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I*

Part VIII | Relationship of Activities to the Accomplishment of Exempt Purposes *(See the instructions)*

Line No. ▼	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes)
	SEE STATEMENT 14

Part IX | Information Regarding Taxable Subsidiaries and Disregarded Entities *(See the instructions)*

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
	%			
N/A	%			
	%			
	%			

Part X | Information Regarding Transfers Associated with Personal Benefit Contracts *(See the instructions)*

(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☒ No

(b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? ☐ Yes ☒ No

Note: *If "Yes" to (b), file Form 8870 and Form 4720 (see instructions)*

Please Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge

▶ William H Mellor — Signature of officer | 1/2/07 — Date | ▶ William H. Mellor PRESIDENT — Type or print name and title

Paid Preparer's Use Only

Preparer's signature ▶		Date 12/21/06	Check if self-employed ▶ ☐	Preparer's SSN or PTIN
Firm's name (or yours if self-employed), address, and ZIP + 4	▶ RUBINO & MCGEEHIN, CHARTERED 6903 ROCKLEDGE DRIVE, SUITE 1200 BETHESDA, MD 20817		EIN ▶	
			Phone no ▶ 301-564-3636	

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Organization Exempt Under Section 501(c)(3)

(Except Private Foundation) and Section 501(e), 501(f), 501(k), 501(n), or 4947(a)(1) Nonexempt Charitable Trust

Supplementary Information-(See separate instructions.)

▶ MUST be completed by the above organizations and attached to their Form 990 or 990-EZ

OMB No 1545-0047

2005

Name of the organization: INSTITUTE FOR JUSTICE

Employer identification number: 52 1744337

Part I **Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees**

(See page 1 of the instructions List each one If there are none, enter "None")

(a) Name and address of each employee paid more than $50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
JOHN KRAMER 901 NORTH GLEBE ROAD, STE 900, ARLING	VP FOR COMMUN 40.00	163,702.	32,404.	
SCOTT BULLOCK 901 NORTH GLEBE ROAD, STE 900, ARLING	SR. ATTORNEY 40.00	136,813.	22,754.	
DANA BERLINER 901 NORTH GLEBE ROAD, STE 900, ARLING	SR. ATTORNEY 40.00	136,813.	21,789.	
CLARK NEILY 901 NORTH GLEBE ROAD, STE 900, ARLING	SR. ATTORNEY 40.00	137,771.	19,743.	
BETH STEVENS 901 NORTH GLEBE ROAD, STE 900, ARLING	VP FOR DEVELOPMENT 40.00	121,883.	19,418.	
Total number of other employees paid over $50,000 ▶	21			

Part II-A **Compensation of the Five Highest Paid Independent Contractors for Professional Services**

(See page 2 of the instructions List each one (whether individuals or firms) If there are none, enter "None")

(a) Name and address of each independent contractor paid more than $50,000	(b) Type of service	(c) Compensation
NONE		
Total number of others receiving over $50,000 for professional services ▶ 0		

Part II-B **Compensation of the Five Highest Paid Independent Contractors for Other Services**

(List each contractor who performed services other than professional services, whether individuals or firms If there are none, enter "None" See page 2 of the instructions)

(a) Name and address of each independent contractor paid more than $50,000	(b) Type of service	(c) Compensation
NONE		
Total number of other contractors receiving over $50,000 for other services ▶ 0		

Part III **Statements About Activities** (See page 2 of the instructions)

			Yes	No
1	During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ▶ $ ______ $ 167,032. (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B) VI-A, LINE 38B	1	X	
	Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A Other organizations checking "Yes" must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities			
2	During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? *(If the answer to any question is "Yes," attach a detailed statement explaining the transactions)*			
a	Sale, exchange, or leasing of property?	2a		X
b	Lending of money or other extension of credit?	2b		X
c	Furnishing of goods, services, or facilities?	2c		X
d	Payment of compensation (or payment or reimbursement of expenses if more than $1,000)? SEE PART V-A, FORM 990	2d	X	
e	Transfer of any part of its income or assets?	2e		X
3 a	Do you make grants for scholarships, fellowships, student loans, etc ? (If "Yes," attach an explanation of how you determine that recipients qualify to receive payments)	3a		X
b	Do you have a section 403(b) annuity plan for your employees?	3b	X	
c	During the year, did the organization receive a contribution of qualified real property interest under section 170(h)?	3c		X
4 a	Did you maintain any separate account for participating donors where donors have the right to provide advice on the use or distribution of funds?	4a		X
b	Do you provide credit counseling, debt management, credit repair, or debt negotiation services?	4b		X

Part IV **Reason for Non-Private Foundation Status** (See pages 3 through 6 of the instructions)

The organization is not a private foundation because it is (Please check only **ONE** applicable box)

5 ☐ A church, convention of churches, or association of churches Section 170(b)(1)(A)(i)

6 ☐ A school Section 170(b)(1)(A)(ii) (Also complete Part V)

7 ☐ A hospital or a cooperative hospital service organization Section 170(b)(1)(A)(iii)

8 ☐ A Federal, state, or local government or governmental unit Section 170(b)(1)(A)(v)

9 ☐ A medical research organization operated in conjunction with a hospital Section 170(b)(1)(A)(iii) **Enter the hospital's name, city, and state** ▶ ______

10 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit Section 170(b)(1)(A)(iv) (Also complete the **Support Schedule** in Part IV-A)

11a ☒ An organization that normally receives a substantial part of its support from a governmental unit or from the general public Section 170(b)(1)(A)(vi) (Also complete the **Support Schedule** in Part IV-A)

11b ☐ A community trust Section 170(b)(1)(A)(vi) (Also complete the **Support Schedule** in Part IV-A)

12 ☐ An organization that normally receives **(1) more than 33 1/3%** of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc , functions - subject to certain exceptions, and **(2) no more than 33 1/3%** of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See section 509(a)(2) (Also complete the **Support Schedule** in Part IV-A)

13 ☐ An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in **(1)** lines 5 through 12 above, or **(2)** sections 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2) Check the box that describes the type of supporting organization ▶ ☐ Type 1 ☐ Type 2 ☐ Type 3

Provide the following information about the supported organizations (See page 6 of the instructions)

(a) Name(s) of supported organization(s)	(b) Line number from above

14 ☐ An organization organized and operated to test for public safety Section 509(a)(4) (See page 6 of the instructions)

Part IV-A **Support Schedule** (Complete only if you checked a box on line 10, 11, or 12) **Use cash method of accounting.**
Note: *You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting*

Calendar year (or fiscal year beginning in) ▶	(a) 2004	(b) 2003	(c) 2002	(d) 2001	(e) Total
15 Gifts, grants, and contributions received (Do not include unusual grants See line 28)	7,091,693.	6,162,724.	6,028,230.	5,616,962.	24,899,609.
16 Membership fees received					
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc , purpose	192,599.	186,829.	141,089.	186,117.	706,634.
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975	223,766.	166,030.	146,340.	143,684.	679,820.
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge Do not include the value of services or facilities generally furnished to the public without charge					
22 Other income Attach a schedule Do not include gain or (loss) from sale of capital assets					
23 Total of lines 15 through 22	7,508,058.	6,515,583.	6,315,659.	5,946,763.	26,286,063.
24 Line 23 minus line 17	7,315,459.	6,328,754.	6,174,570.	5,760,646.	25,579,429.
25 Enter 1% of line 23	75,081.	65,156.	63,157.	59,468.	

26 **Organizations described on lines 10 or 11** a Enter 2% of amount in column (e), line 24 ▶ 26a 511,589.

b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 2001 through 2004 exceeded the amount shown in line 26a **Do not file this list with your return** Enter the total of all these excess amounts ▶ 26b 3,255,699.

c Total support for section 509(a)(1) test Enter line 24, column (e) ▶ 26c 25,579,429.

d Add Amounts from column (e) for lines 18 679,820. 19 ______ 22 ______ 26b 3,255,699. ▶ 26d 3,935,519.

e Public support (line 26c minus line 26d total) ▶ 26e 21,643,910.

f **Public support percentage (line 26e (numerator) divided by line 26c (denominator))** ▶ 26f 84.6145 %

27 **Organizations described on line 12** a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person" **Do not file this list with your return.** Enter the sum of such amounts for each year N/A

(2004) (2003) (2002) (2001)

b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the **larger** of **(1)** the amount on line 25 for the year or **(2)** $5,000 (Include in the list organizations described in lines 5 through 11b, as well as individuals) **Do not file this list with your return.** After computing the difference between the amount received and the larger amount described in **(1)** or **(2)**, enter the sum of these differences (the excess amounts) for each year N/A

(2004) (2003) (2002) (2001)

c Add Amounts from column (e) for lines 15 ______ 16 ______ 17 ______ 20 ______ 21 ______ ▶ 27c N/A

d Add Line 27a total ______ and line 27b total ______ ▶ 27d N/A

e Public support (line 27c total minus line 27d total) ▶ 27e N/A

f Total support for section 509(a)(2) test Enter amount on line 23, column (e) ▶ 27f N/A

g **Public support percentage (line 27e (numerator) divided by line 27f (denominator))** ▶ 27g N/A %

h **Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))** ▶ 27h N/A %

28 **Unusual Grants:** For an organization described in line 10, 11, or 12 that received any unusual grants during 2001 through 2004, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant **Do not file this list with your return.** Do not include these grants in line 15

NONE

Part V **Private School Questionnaire** (See page 7 of the instructions) N/A

(To be completed ONLY by schools that checked the box on line 6 in Part IV)

			Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?	29		
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?	30		
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves?	31		
	If "Yes," please describe, if "No," please explain (If you need more space, attach a separate statement)			
32	Does the organization maintain the following			
a	Records indicating the racial composition of the student body, faculty, and administrative staff?	32a		
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	32b		
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	32c		
d	Copies of all material used by the organization or on its behalf to solicit contributions?	32d		
	If you answered "No" to any of the above, please explain (If you need more space, attach a separate statement)			
33	Does the organization discriminate by race in any way with respect to			
a	Students' rights or privileges?	33a		
b	Admissions policies?	33b		
c	Employment of faculty or administrative staff?	33c		
d	Scholarships or other financial assistance?	33d		
e	Educational policies?	33e		
f	Use of facilities?	33f		
g	Athletic programs?	33g		
h	Other extracurricular activities?	33h		
	If you answered "Yes" to any of the above, please explain (If you need more space, attach a separate statement)			
34 a	Does the organization receive any financial aid or assistance from a governmental agency?	34a		
b	Has the organization's right to such aid ever been revoked or suspended?	34b		
	If you answered "Yes" to either 34a or b, please explain using an attached statement			
35	Does the organization certify that it has complied with the applicable requirements of sections 4 01 through 4 05 of Rev Proc 75-50, 1975-2 C B 587, covering racial nondiscrimination? If "No," attach an explanation	35		

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 9 of the instructions)

(To be completed ONLY by an eligible organization that filed Form 5768)

Check ▶ a ☐ if the organization belongs to an affiliated group Check ▶ b ☐ if you checked "a" and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred)		(a) Affiliated group totals	(b) To be completed for ALL electing organizations
		N/A	
36 Total lobbying expenditures to influence public opinion (grassroots lobbying)	36		53,058.
37 Total lobbying expenditures to influence a legislative body (direct lobbying)	37		113,974.
38 Total lobbying expenditures (add lines 36 and 37)	38		167,032.
39 Other exempt purpose expenditures	39		6,756,635.
40 Total exempt purpose expenditures (add lines 38 and 39)	40		6,923,667.
41 Lobbying nontaxable amount Enter the amount from the following table -	41		496,183.
42 Grassroots nontaxable amount (enter 25% of line 41)	42		124,046.
43 Subtract line 42 from line 36 Enter -0- if line 42 is more than line 36	43		0.
44 Subtract line 41 from line 38 Enter -0- if line 41 is more than line 38	44		0.

If the amount on line 40 is -	The lobbying nontaxable amount is -
Not over $500,000	20% of the amount on line 40
Over $500,000 but not over $1,000,000	$100,000 plus 15% of the excess over $500,000
Over $1,000,000 but not over $1,500,000	$175,000 plus 10% of the excess over $1,000,000
Over $1,500,000 but not over $17,000,000	$225,000 plus 5% of the excess over $1,500,000
Over $17,000,000	$1,000,000

Caution *If there is an amount on either line 43 or line 44, you must file Form 4720*

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below See the instructions for lines 45 through 50 on page 11 of the instructions)

	Lobbying Expenditures During 4-Year Averaging Period				
Calendar year (or fiscal year beginning in) ▶	(a) 2005	(b) 2004	(c) 2003	(d) 2002	(e) Total
45 Lobbying nontaxable amount	496,183.	451,663.	433,773.	412,545.	1,794,164.
46 Lobbying ceiling amount (150% of line 45(e))					2,691,246.
47 Total lobbying expenditures	167,032.	18,399.	99,660.	9,098.	294,189.
48 Grassroots nontaxable amount	124,046.	112,916.	108,443.	103,136.	448,541.
49 Grassroots ceiling amount (150% of line 48(e))					672,812.
50 Grassroots lobbying expenditures	53,058.	18,399.	99,660.	9,098.	180,215.

Part VI-B Lobbying Activity by Nonelecting Public Charities

(For reporting only by organizations that did not complete Part VI-A) (See page 11 of the instructions) N/A

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of	Yes	No	Amount
a Volunteers			
b Paid staff or management (Include compensation in expenses reported on lines c through h)			
c Media advertisements			
d Mailings to members, legislators, or the public			
e Publications, or published or broadcast statements			
f Grants to other organizations for lobbying purposes			
g Direct contact with legislators, their staffs, government officials, or a legislative body			
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means			
i Total lobbying expenditures (Add lines c through h)			0.

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities

Part VII **Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations** (See page 12 of the instructions)

51 Did the reporting organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?

		Yes	No
a Transfers from the reporting organization to a noncharitable exempt organization of			
(i) Cash	51a(i)		X
(ii) Other assets	a(ii)		X
b Other transactions			
(i) Sales or exchanges of assets with a noncharitable exempt organization	b(i)		X
(ii) Purchases of assets from a noncharitable exempt organization	b(ii)		X
(iii) Rental of facilities, equipment, or other assets	b(iii)		X
(iv) Reimbursement arrangements	b(iv)		X
(v) Loans or loan guarantees	b(v)		X
(vi) Performance of services or membership or fundraising solicitations	b(vi)		X
c Sharing of facilities, equipment, mailing lists, other assets, or paid employees	c		X

d If the answer to any of the above is "Yes," complete the following schedule Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting organization If the organization received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received N/A

(a) Line no	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements

52 a Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ▶ ☐ Yes ☒ No

b If "Yes," complete the following schedule N/A

(a) Name of organization	(b) Type of organization	(c) Description of relationship

FORM 990 RENTAL INCOME STATEMENT 1

KIND AND LOCATION OF PROPERTY	ACTIVITY NUMBER	GROSS RENTAL INCOME
	1	4,542.
TOTAL TO FORM 990, PART I, LINE 6A		4,542.

FORM 990 GAIN (LOSS) FROM PUBLICLY TRADED SECURITIES STATEMENT 2

DESCRIPTION	GROSS SALES PRICE	COST OR OTHER BASIS	EXPENSE OF SALE	NET GAIN OR (LOSS)
SALE OF SECURITIES	3,648,054.	3,649,568.	0.	<1,514.>
TO FORM 990, PART I, LINE 8	3,648,054.	3,649,568.	0.	<1,514.>

FORM 990 GAIN (LOSS) FROM SALE OF OTHER ASSETS STATEMENT 3

DESCRIPTION	DATE ACQUIRED	DATE SOLD	METHOD ACQUIRED
DISPOSAL OF EQUIPMENT	VARIOUS	VARIOUS	PURCHASED

NAME OF BUYER	GROSS SALES PRICE	COST OR OTHER BASIS	EXPENSE OF SALE	DEPREC	NET GAIN OR (LOSS)
	0.	258,101.	0.	252,345.	<5,756.>
TO FM 990, PART I, LN 8		258,101.	0.	252,345.	<5,756.>

FORM 990 OTHER CHANGES IN NET ASSETS OR FUND BALANCES STATEMENT 4

DESCRIPTION	AMOUNT
UNREALIZED GAINS	1,260,957.
TOTAL TO FORM 990, PART I, LINE 20	1,260,957.

FORM 990 OTHER EXPENSES STATEMENT 5

DESCRIPTION	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT AND GENERAL	(D) FUNDRAISING
COURT FEES	6,461.	6,461.		
INDEPENDENT CONTRACTORS	182,158.	113,625.	56,533.	12,000.
MEAL	37,262.	29,918.	3,624.	3,720.
BOOKS & SUBSCRIPTIONS	38,074.	31,237.	913.	5,924.
INSURANCE	77,134.	66,956.	8,865.	1,313.
TRANSCRIPTS AND COURT REPORTERS	1,153.	1,153.		
MEDIA RELATIONS	45,349.	45,349.		
ADVERTISING	43,658.	43,208.	450.	
EVENTS	180,901.	176,092.	4,129.	680.
MISCELLANEOUS	21,538.	6,339.	15,199.	
PROFESSIONAL DUES/CLE FEES	29,301.	25,279.	443.	3,579.
LEGAL RESEARCH TOOL	115,507.	115,507.		
BANK CHARGES AND INTEREST	17,338.		17,338.	

REPAIR & MAINTENANCE	18,964.		18,964.	
MAILING LIST RENTAL	800.			800.
OTHER EXPENSES	5,731.		5,731.	
TOTAL TO FM 990, LN 43	821,329.	661,124.	132,189.	28,016.

FORM 990 OFFICER COMPENSATION ALLOCATION STATEMENT 6
PART II, LINE 25

NAME OF OFFICER, ETC.	COMPENSATION	EMPLOYEE BEN. PLANS	EXPENSE ACCOUNTS	TOTALS
WILLIAM H. MELLOR	358,546.	53,375.	0.	411,921.
A. PROGRAM SERVICES	301,681.	44,910.		346,591.
B. MANAGEMENT AND GENERAL	28,218.	4,201.		32,419.
C. FUNDRAISING	28,647.	4,264.		32,911.

NAME OF OFFICER, ETC.	COMPENSATION	EMPLOYEE BEN. PLANS	EXPENSE ACCOUNTS	TOTALS
DEB SIMPSON	120,440.	16,051.	0.	136,491.
A. PROGRAM SERVICES	101,338.	13,506.		114,844.
B. MANAGEMENT AND GENERAL	9,479.	1,263.		10,742.
C. FUNDRAISING	9,623.	1,282.		10,905.

TOTAL PROGRAM SERVICES	461,435.
TOTAL MANAGEMENT AND GENERAL	43,161.
TOTAL FUNDRAISING	43,816.
TOTAL OFFICER, ETC., COMPENSATION INCLUDED ON PARTS V-A AND V-B	548,412.

FORM 990 STATEMENT OF ORGANIZATION'S PRIMARY EXEMPT PURPOSE STATEMENT 7
PART III

EXPLANATION

TO ADVANCE A RULE OF LAW UNDER WHICH INDIVIDUALS CAN CONTROL THEIR DESTINIES AS FREE AND RESPONSIBLE MEMBERS OF SOCIETY THROUGH STRATEGIC LITIGATION, TRAINING, COMMUNICATION AND OUTREACH, AND TO TRAIN LAW STUDENTS, LAWYERS AND POLICY ACTIVISTS IN THE TACTICS OF PUBLIC INTEREST LITIGATION. THROUGH THESE ACTIVITIES, IJ CHALLENGES THE IDEOLOGY OF THE WELFARE STATE AND ILLUSTRATES AND EXTENDS THE BENEFITS OF FREEDOM TO THOSE WHOSE FULL ENJOYMENT OF LIBERTY IS DENIED BY GOVERNMENT.

FORM 990 NON-GOVERNMENT SECURITIES STATEMENT 8

SECURITY DESCRIPTION	COST/FMV	CORPORATE STOCKS	CORPORATE BONDS	OTHER PUBLICLY TRADED SECURITIES	TOTAL NON-GOV'T SECURITIES
CORPORATE DEBT	FMV		507,163.		507,163.
TO FORM 990, LINE 54, COL B			507,163.		507,163.

FORM 990 DEPRECIATION OF ASSETS NOT HELD FOR INVESTMENT STATEMENT 9

DESCRIPTION	COST OR OTHER BASIS	ACCUMULATED DEPRECIATION	BOOK VALUE
FURNITURE AND EQUIPMENT	738,427.	155,862.	582,565.
LEASEHOLD IMPROVEMENTS	1,046,771.	288,623.	758,148.
COMPUTERS AND SOFTWARE	380,540.	312,324.	68,216.
TOTAL TO FORM 990, PART IV, LN 57	2,165,738.	756,809.	1,408,929.

FORM 990 OTHER LIABILITIES STATEMENT 10

DESCRIPTION	AMOUNT
CAPITAL LEASE OBLIGATION	48,858.
DEFERRED RENT	34,482.
TOTAL TO FORM 990, PART IV, LINE 65, COLUMN B	83,340.

FORM 990 OTHER SECURITIES STATEMENT 11

SECURITY DESCRIPTION	COST/FMV	OTHER SECURITIES
VANGUARD GROUP (MUTUAL FUNDS)	FMV	10,931,631.
MONEY MARKET FUNDS	FMV	569,798.
TO FORM 990, LINE 54, COL B		11,501,429.

FORM 990 PART V-A - LIST OF OFFICERS, DIRECTORS, TRUSTEES AND KEY EMPLOYEES STATEMENT 12

NAME AND ADDRESS	TITLE AND AVRG HRS/WK	COMPEN-SATION	EMPLOYEE BEN PLAN CONTRIB	EXPENSE ACCOUNT
DAVID B. KENNEDY 901 NORTH GLEBE ROAD, STE 900 ARLINGTON, VA 22203	CHAIRMAN 1.00	0.	0.	0.
MARK BABUNOVIC 901 NORTH GLEBE ROAD, STE 900 ARLINGTON, VA 22203	MEMBER 1.00	0.	0.	0.
ARTHUR DANTCHIK 901 NORTH GLEBE ROAD, STE 900 ARLINGTON, VA 22203	MEMBER 1.00	0.	0.	0.
JAMES LINTOTT 901 NORTH GLEBE ROAD, STE 900 ARLINGTON, VA 22203	MEMBER 1.00	0.	0.	0.
WILLIAM H. MELLOR 901 NORTH GLEBE ROAD, STE 900 ARLINGTON, VA 22203	PRES & GENERAL COUNSEL 40.00	358,546.	53,375.	0.
DEB SIMPSON 901 NORTH GLEBE ROAD, STE 900 ARLINGTON, VA 22203	MANAGING DIR. & SEC'Y 40.00	120,440.	16,051.	0.
GERRIT WORMHOUDT 901 NORTH GLEBE ROAD, STE 900 ARLINGTON, VA 22203	MEMBER 1.00	0.	0.	0.
ROBERT A. LEVY 901 NORTH GLEBE ROAD, STE 900 ARLINGTON, VA 22203	MEMBER 1.00	0.	0.	0.
ABIGAIL THERNSTROM 901 NORTH GLEBE ROAD, STE 900 ARLINGTON, VA 22203	MEMBER 1.00	0.	0.	0.
STEPHEN W. MODZELEWSKI 901 NORTH GLEBE ROAD, STE 900 ARLINGTON, VA 22203	MEMBER 1.00	0.	0.	0.
TOTALS INCLUDED ON FORM 990, PART V-A		478,986.	69,426.	0.

FORM 990	LIST OF STATES RECEIVING COPY OF RETURN PART VI, LINE 90	STATEMENT 13

STATES

AL,AK,AZ,AR,CA,CT,DC,FL,GA,KS,KY,ME,MD,MA,MI,MN,MS,NH,NJ,NM,NC,ND,OH,OK,OR
PA,RI,TN,UT,WA,WV,WI,NY,SC,VA,IL,MO

FORM 990	PART VIII - RELATIONSHIP OF ACTIVITIES TO ACCOMPLISHMENT OF EXEMPT PURPOSES	STATEMENT 14

LINE	EXPLANATION OF RELATIONSHIP OF ACTIVITIES
93A	MISCELLANEOUS INCOME DIRECTLY RELATED TO THE INSTITUTE'S EXEMPT PURPOSE BY PROVIDING A MEANS TO PROTECT THE CONSTITUTIONAL RIGHTS OF CLIENTS.
93B	SPEECHES PERTAINING TO THE INSTITUTE'S EXEMPT PURPOSE BY PROVIDING A MEANS OF EDUCATING THE PUBLIC.

INSTITUTE FOR JUSTICE - CASE UPDATE

June 2006

For up-to-date information on any of the Institute for Justice's cases, please visit our website, www.ij.org.

PROPERTY RIGHTS

Gamble, et al. v. City of Norwood

In November 2003, the Institute for Justice took the case of Carl and Joy Gamble, who were fighting the City of Norwood, Ohio, to save their home of more than 34 years from a private developer who wanted to increase his $500 million fortune by building a redevelopment project on their land. Unfazed by the Gambles' refusal to sell their home, the developer simply paid for a study that declared the homes blighted and then offered to reimburse the City for the cost of condemning and taking the properties. The district court decided that the City of Norwood abused its discretion in finding the neighborhood "blighted," but that the City was still justified in using eminent domain to seize homes and businesses because the area could be called "deteriorating." The Institute for Justice took this fight all the way to the Ohio Supreme Court, the first state supreme court to hear an eminent domain case since the U.S. Supreme Court's *Kelo* ruling Oral argument was held in January 2006. Several groups, including the Ohio NAACP, the Ohio Farm Bureau, Reason Foundation and others filed amicus briefs in support of our clients.

Kelo, et al. v. City of New London, et al.

Despite our U.S. Supreme Court loss in this case, the plaintiffs in New London are still in their homes. The legislature and the governor asked for a moratorium on all takings for economic development, including those in New London, while the legislature looked at changing the law. At first, the New London Development Corporation (NLDC) agreed to abide by this, and then changed its mind and started sending out eviction notices to our clients. This caused a firestorm of controversy in New London and throughout the state. We protested and vowed to defend the owners, and the governor ordered the NLDC to rescind the notices, which it reluctantly agreed to do. The City and property owners continued negotiations and in June reached a compromise agreement, which includes moving Susette's house to another site in New London—an idea she originally put forward when first threatened with eviction but was at the time refused by the City.

Brody v. Port Chester

In December 2005 the Second U.S. Circuit Court of Appeals ruled in our favor, holding that the Village of Port Chester violated our client Bill Brody's 14th Amendment right to due process by condemning his property for private development without giving him personal notice of the condemnation and his only opportunity to challenge it. As a result, under New York law Bill forfeited all legal rights to challenge the taking of his property before he even knew he was losing it. Specifically, the court agreed that newspaper notice is inadequate and the notice must

at least indicate that it is important to the person's future rights However, the court decided against us on our claim that owners were entitled to an opportunity to present evidence on their own behalf. It also suggested that there should be a trial on whether Bill Brody actually knew about the 30-day window, despite the fact that in a previous ruling they held that he did not have actual knowledge. So we are back in court defending the property rights of New York citizens.

City of Tempe v. Donna McGregor

In September 2005 the Maricopa County Superior Court in Arizona, relying on the precedent IJ set in our *Bailey* brake shop eminent domain case, rejected the City of Tempe's request to condemn 18 properties in an industrial park located on prime land to build a large retail shopping center. Furthermore, the trial judge found that it was the private developer pushing this project, not a city trying to clean up a slum or blighted area. In October 2005, IJ entered the suit representing one of the property owners in a Special Action Petition filed by the City at the Arizona Supreme Court asking that the *Bailey* decision be overturned. The Supreme Court declined to consider the Petition. Tempe had 30 days to appeal and, contrary to our expectations, they did not. All of the property owners settled with the developer and the Tempe Marketplace is now under construction. We represented a property owner in the appeal stage

Brumberg, et al. v. City of Marietta, et al.

In this case we are challenging a Marietta, Georgia, ordinance that requires landlords to have all of their properties inspected for possible housing code violations by City-approved "rental housing inspectors." We believe these City-mandated inspections violate the Fourth Amendment because they are performed without warrants and without the genuine, informed consent of the tenants who actually live in the properties. Though a trial judge struck down the inspection ordinance in October 2005, the City appealed to the Georgia Court of Appeals and we held oral argument in March 2006. Just one week later, the Court issued a unanimous decision affirming the trial court decision. The city has since filed a *cert.* petition, requesting that the Georgia Supreme Court hear the case. We filed a response and now await a decision on whether the Court will take the case.

State of New Jersey v. One 1990 Ford Thunderbird/Thomas v. Farmer

New Jersey's civil forfeiture law dangerously transforms law enforcement priorities from fair and impartial administration of justice to the pursuit of property and profit. New Jersey police departments and prosecutors' offices are entitled to keep money and property confiscated through the state's civil forfeiture law, thus giving them a direct financial stake in these forfeitures. We represent Carol Thomas, a former sheriff's deputy in Millville, New Jersey, whose son used her car without her knowledge or consent to sell marijuana to an undercover officer. The state arrested her son and filed a forfeiture action against her car. The Institute for Justice secured the return of her car and went on to brief and argue the constitutional claim, that impartiality in civil and criminal proceedings is a bedrock principle of our justice system and is guaranteed by the due process clause of the U.S. Constitution. In 2002 a trial judge ruled in our favor. The State appealed to the New Jersey Appellate Court, which reversed the trial court decision in 2004 and upheld the constitutionality of the profit incentive. We petitioned the New Jersey Supreme Court to hear the case; unfortunately, in May 2006, the Court declined to accept our petition.

Amicus Briefs

- Blue, et al v City of Los Angeles, et al
- Central Steel Supply Co., Inc v Planning Board of the City of Somerville
- City of Pasco v. Shaw, et al.
- Des Moines v. Gray Businesses
- Didden v. Port Chester
- Lowery v. Muskogee County
- MacPherson v. Dept. of Admin. Servs.
- Public Utility District No. 2 of Grant County v. North American Foreign Trade Zone Industries, LLC
- Rhode Island Econ. Dev. Corp v. The Parking Co., L.L.C.
- Sound Transit v. Miller
- Western Seafood v. Freeport

ECONOMIC LIBERTY

Anderson v. Board of Barber & Cosmetologist Examiners

In April 2005 the Institute for Justice filed a case challenging Minnesota's licensing regime that requires hairbraiders to become licensed cosmetologists. To practice their craft, African hairbraiders in Minnesota were required to enroll in 1,550 hours of government-mandated "training" that did not include even one hour of instruction in braiding. They were also required to take State-mandated examinations that do not test for braiding skills. Any braider who refused to secure a government license could face up to $1,000 in fines and up to 90 days in jail. As a result of our suit, however, in May 2006, Minnesota's board of cosmetology agreed to exempt hairbraiders from the irrelevant licensing requirements. This victory means that braiders in Minnesota are now completely free to practice their occupation.

Brown, et al. v. Hovatter, et al.

In March we launched a case combating the funeral home cartel in Maryland, which allows only licensed funeral directors and a handful of politically favored corporations and individuals to own a funeral home. These exceptions include spouses of deceased morticians, executors of the estates of deceased morticians, and 58 specially-licensed corporations that were "grandfathered" in when the law was enacted in 1937. Notably, those "grandfathered" corporate funeral homes are now traded on an informal market for up to $250,000 each. Even if an entrepreneur hires a director to oversee the actual operation of the home, he or she is not allowed to own the business without personally completing two years of study, which includes learning to embalm corpses. Though our client Charles Brown diligently sought a legislative solution, changes to the law were blocked by a legislator receiving thousands of dollars in contributions from the cartel. This law, which has nothing to do with health or safety, is analogous to saying someone must be a pilot to own an airline. The State Board filed a motion to dismiss in May and briefing on the motion is now complete. We await a decision.

McAferty v. City of Seattle, et al.

When the city of Seattle established a new law in 2003 to encourage new bed and breakfast business in Seattle's residential neighborhoods, Blayne and Julie McAferty seized the opportunity to make a livelihood out of indulging their love for cooking and entertaining by opening a B&B. The McAfertys were shocked when the City, under pressure from some of the McAfertys' neighbors, ordered them to shut down their business by the end of March or face fines of $75 per day. The McAfertys' alleged code violation consisted of adding two tasteful dormers to their home, which did nothing to alter the residential or historical character of the home or neighborhood. But in order to avoid further complaints, Seattle reinterpreted the 2003 bed and breakfast law in such a way that it irrationally limits the number of B&Bs in Seattle—and in the process, harms entrepreneurs, neighborhoods, and visitors. In March 2005, IJ filed a case against the city of Seattle seeking to vindicate the rights of the McAfertys to lawfully pursue their chosen livelihood without the enforcement of excessive government regulations. We decided to stay the case to allow the City to introduce an amended version of the ordinance to the City Council.

Rissmiller v. Structural Pest Control Commission

In late September the Institute for Justice filed a lawsuit against Arizona's Structural Pest Control Commission, which sought out and fined landscapers and gardeners, such as Gary Rissmiller, who use over-the-counter herbicides without first obtaining a government-issued license. In order to receive a license to spray herbicides like Roundup, however, Gary would need to quit working for himself and begin working for his competition to complete the 3,000 hours of required training and hands-on experience legally—experience that would take nearly 18 months to obtain if a gardener did nothing but spray weeds fulltime, 40 hours a week. Because of amendments to the law lobbied for by the Commission, it was similarly unlawful for renters or landlords to use over-the-counter weed killers without also first obtaining the 3,000-hour license. They, too, would need to hire one of the big companies in their area to control weeds with a spray that anyone can buy at a local home improvement store. Thanks to the work of the Institute's attorneys, the Arizona legislature passed and the Governor signed a bill that appears to moot our lawsuit by granting gardeners and landscapers the freedom to spray weeds without jumping through these unreasonable regulatory hoops. We will most likely file a motion to voluntarily dismiss the case once the law goes into effect.

State Board of Embalmers & Funeral Directors v. Gegner

This case involved an attempt by the Missouri State Board of Embalmers and Funeral Directors to prevent Larry Gegner, a Missouri funeral consumer advocate, from advising people about their rights when dealing with funeral directors and selling caskets without a license—even though there was no law prohibiting these activities. We filed a counterclaim to the Board's lawsuit against Larry to prevent the Board from overstepping its legislative authority and depriving Gegner of his right to earn an honest living for simple protectionist reasons. The judge entered a consent judgment in May in which the Board acknowledged that it has no regulatory authority over casket sales. This agreement further spells out that Gegner may accompany consumers to funeral homes to ensure that their rights are protected, provide information regarding private burials conducted without a licensed funeral director, and attend private burials Gegner has agreed that he will not personally engage in the business of transporting or

preparing dead bodies—something he never intended to do anyway.

Summer's Best Two Weeks v. Dept. of Conservation and Natural Resources, et al.

In April we filed suit against the Pennsylvania Department of Conservation and Natural Resources (DCNR), challenging the Department's arbitrary decision to revoke the explicit, written permission it had granted a children's summer camp to conduct its traditional whitewater rafting trips in southwest Pennsylvania's Ohiopyle State Park. For more than 30 years, Summer's Best Two Weeks has safely taken its campers on the rafting trip as a highlight of their camp experience, and a rite of passage allowing them to use the values of goal-setting, discipline, and achievement they have learned during their time at the camp. For decades the camp, like any private group from outdoor enthusiasts and church groups to families and groups of friends, has used the river on a first-come first-served basis—until the DCNR informed it that bringing campers on any further trips would be engaging in unlawful "commercial activity." Under pressure from the four licensed commercial outfitters currently running rafting trips on the river, the DCNR is now demanding that the camp operate its trips through one of these outfitters, at a cost of approximately $30,000 each summer, and sacrificing the lessons from the camp's counselors, one of the main purposes for the trip. The Department answered our complaint in May, admitting most of the material facts but contending that it has a legitimate interest in maintaining the viability of the four licensed commercial outfitters

Swedenburg, et al. v. Kelly, et al.

After ruling in our favor in May 2005 in our case on behalf of vintners challenging blatantly protectionist state shipping laws, the U.S. Supreme Court sent this case back to the Second Circuit to determine whether a recently enacted New York law allowing non-New York wineries to direct ship disposes of the case or whether some other remedy is in order. Unfortunately, the new law contains a reciprocity provision that allows direct shipment only from wineries in states that allow direct shipment themselves. The law defines reciprocity states as those whose direct shipping privileges are "substantially similar" to New York's. Because California and Virginia (where our clients are located) have slightly different quantity limitations than New York, it is not entirely clear whether our clients can qualify for direct shipping permits in New York. Thus, the court now must determine whether Virginia and California will qualify as "reciprocity states" under New York law. We are currently awaiting a decision by the Second Circuit on that issue, but we understand that a number of California wineries have obtained direct shipping permits under the new legislation, so we expect that the issue will be decided in our clients' favor.

Ventenbergs, et al. v. City of Seattle, et al.

The Institute for Justice filed a state court lawsuit in 2003 challenging Seattle's waste-hauling monopoly as an unconstitutional abridgement of economic liberty. In 2001, the City of Seattle declared hauling construction waste away from building sites illegal—unless the company doing the hauling is one of the two large, out-of-state hauling companies granted a monopoly by the City. That prohibition made illegal business conducted for years between Joe Ventenbergs' Seattle-based Kendell Trucking and his client Ron Haider, owner of Haider Construction, Inc., based in Lynwood, Washington. About 60 percent of Kendall Trucking's business is hauling so-called "construction waste" from building and demolition sites; Haider

Construction is one of several companies that rely on Kendall Trucking's services. After our loss in the Court of Appeals, we petitioned the Washington Supreme Court to hear the case In November 2005 the court deferred consideration of our petition until after its decision in another economic liberty case, *Amunrud v. DSHS*. We await a decision.

Meadows v. Odom

In 2003 we filed a case in Louisana on behalf of Shamille Peters and other aspiring florists who are prohibited from pursuing careers arranging flowers because of the state's anti-competitive, anti-consumer licensing regulations. Florists like Shamille are forbidden from selling flowers for a living unless they get a permit, but that permit is unreasonably difficult to acquire. In fact, more than 60 percent of the applicants fail the exam, which is graded by applicants' would-be competitors—other licensed florists in Louisiana. We argued this case before a three-judge panel of the Fifth Circuit in May 2006, but because Hurricane Katrina dispersed our clients, forcing them out of Louisiana or to pursue other occupations, we are unable to proceed with our case. We plan to re-file the case with new clients in our efforts to strike down government-created barriers to entrepreneurial activity, and create a system in which productive lives are not arbitrarily restricted

Amicus Brief

- State of Alabama v. Lupo

FIRST AMENDMENT

Association of American Physicians and Surgeons et al. v. Brewer et al.

Briefing is complete and we await word of oral argument before the Ninth Circuit in our challenge to Arizona's "Clean Elections Act," which punishes candidates who choose not to accept taxpayer-funded campaigns. The act requires these privately funded candidates to fill out 34 special reports not required of government-funded candidates, lowers the maximum contribution limit for privately supported candidates (making contributions harder to raise), and gives taxpayer dollars to government-funded candidates to match any support privately funded candidates are able to raise. The Institute for Justice is committed to preserving the right of individuals to support a privately funded candidate without having their voice drowned out by the government, which will hand a public dollar to the candidate they oppose for every dollar they give to the candidate they support.

Independence Institute v. Richard Evans, et al.

This is a First Amendment challenge to campaign finance laws as they apply to ballot initiative campaigns in Colorado. In 2005 a political opponent filed a complaint against the Independence Institute, a free-market think tank, for speaking critically of a state ballot initiative that would raise taxes and increase government spending. The complaint accused the Independence Institute of being an "issue committee" (defined as any group whose "major purpose" is to "influence" referenda). Colorado's campaign finance laws require all issue

committees to register with the State and report all their expenses, as well as all their contributions, including the names, addresses, and employers of all contributors. The complaint threatened the Independence Institute's very existence—both because of the huge expense the small organization would incur by tracking and reporting its every comment about the ballot initiative issue and because the requirement to disclose its donors might lead some of them to stay on the sidelines in future debates. Though the Independence Institute was found innocent of any wrong-doing, it joined with the Institute for Justice and filed suit to vindicate for the future the principle that these campaign finance laws are unconstitutional, and to expose them as tools by which government controls political speech and participation. We will file a motion for summary judgment in July.

San Juan County et al. v. No New Gas Tax et al.

We also interceded in Washington state in a case on behalf of an initiative campaign, Yes on I-912, defending their right to speak about an initiative that would affect their community without being penalized by the state's campaign finance laws. The campaign was targeted in a lawsuit alleging that the positive on-air comments of local talk-radio hosts should have been reported by the campaign as "in-kind" contributions to the initiative—the same as printing services, equipment, or other non-monetary donations to a political cause. We stressed the chilling effect that the court's treatment of political discussion as a reportable campaign contribution would have on the campaign and the press, particularly in light of a $5,000 limit on contributions in the three weeks preceding the general election. This would effectively prevent broadcasters from speaking, since $5,000 could conceivably be only a few minutes of airtime. This suit was an effort by politically motivated prosecutors who opposed the initiative to harass and intimidate their political rivals. Recognizing the importance of this issue, the Washington Supreme Court agreed to hear the case, and oral argument was held in June.

Ballen, et al. v. City of Redmond, et al.

This is a challenge to the City of Redmond, Washington's ban on portable signs containing certain kinds of commercial speech The Institute for Justice partnered with Blazing Bagels shop owner Dennis Ballen to fight for protection of commercial speech and the rights of entrepreneurs in Washington state. The City of Redmond wants to forbid him from advertising his business using portable signs, though the City permits signs advertising real estate, promoting political messages, or announcing celebrations—discriminating against Dennis' signs solely based on their content. Though the trial court ruled in our favor, the City appealed the ruling, and we held oral argument before the Ninth Circuit Court of Appeals in June. Our goal is to vindicate the principle that commercial speech, central to a free-market economy, should not be treated as a second-class activity under the First Amendment.

Dahlen Sign Co., et al. v. City of Minneapolis, et al.

Our clients in this case are sign hangers in Minneapolis who suffered numerous lost opportunities as a result of a Minneapolis zoning inspector, who inserted himself into the occupational licensing process, applying mysterious standards that vary by applicant and insisting on everything from résumés to photographs of past work to biographical sketches to personal meetings with applicants. Furthermore, there are no legal procedures giving applicants notice or an opportunity to be heard on the postponement or impending denial of a license. Our

client Truong Xuan Mai has lingered for months, unable to do business. in an arbitrary limbo of license "postponement." Our other client Dan Dahlen found the process of getting a license to be an insurmountable barrier to doing business in Minneapolis. These entrepreneurs have joined with the Institute for Justice to stop Minneapolis from postponing or denying licenses to people and businesses that meet the objective requirements of the City Code.

<u>Epoch Design, LLC (d/b/a Futon Factory), et al. v. City of Lynnwood</u>

This is a challenge to the City of Lynnwood's ban on portable signs containing certain kinds of speech. The Institute for Justice represents the owners of the Futon Factory, a small chain of family-owned stores in the Puget Sound area On weekends, the owners of the store employed a person to stand on a near-by street with various signs advertising the Futon Factory. Claiming that the signs were a violation of the Lynnwood Municipal Code, the City ordered the Futon Factory to stop its advertising. In July 2004, IJ filed a civil rights complaint on behalf of the store's owners. The county superior court strongly urged the City to refrain from enforcing its ordinances and encouraged the parties to hold the case in abeyance while awaiting a decision in the *Ballen v. Redmond* case (see above) at the Ninth Circuit.

<u>Crockett v. Minnesota Dept. of Public Safety</u>

We won a victory in April in the battle to ensure uniform protection of speech, including commercial speech, when a federal court in Minnesota acknowledged that it could not constitutionally enforce the State's arbitrary and restrictive Internet speech regulations that hampered not only the state's wine industry, but also Minnesota consumers wanting to enjoy local and out-of-state wines. According to the State's law, Minnesota residents were barred from using the Internet to order wine from any winery, in or outside of their state. Yet they were permitted to buy the same wine by phone, fax, postal mail, or an in-person visit, or over the Internet from a Minnesota liquor store—the law applied only to wineries. In a similar violation of the free speech rights of these businesses, wineries were forbidden from advertising direct shipping services, though again, liquor stores were not. Our court victory in the federal district court protects the rights of wineries, allows them to use e-commerce to flourish, and gives consumers access to more choices and more information.

<u>Pagan v. Fruchey, et al.</u>

When Chris Pagan decided to sell his 1970 Mercury Cougar he began by doing what people selling their cars usually do: he put a "for sale" sign in the window. Because his driveway is obscured, he parked his car on the public street directly in front of his home in Glendale, Ohio. Soon thereafter, a police officer told him that it was illegal to put a "for sale" sign in the window of his car while it is parked on a public street. When Pagan sued the City in federal court for his free speech rights, Glendale argued that it bans "for sale" signs from the windows of parked cars because they tempt people to walk into traffic while inspecting the vehicle up for sale. However, the City did not file any studies or any anecdotal evidence from its own streets or other jurisdictions that "for sale" signs are in fact dangerous. Yet despite this absence of evidence, the district court upheld the ban. A sharply divided panel of the Sixth Circuit affirmed this conclusion. The dissenting judge argued that free speech is an area of special concern and governments must prove that their restrictions on speech are necessary because there is a real—as opposed to merely hypothetical—danger to the public. In June the

Institute for Justice took over the case and filed a petition for rehearing before the full Sixth Circuit. We believe the dissent was correct, and rehearing *en banc* is the only way for the Sixth Circuit to overrule an incorrect prior decision by a three-judge panel.

Skynet Corporation d/b/a ZeroBrokerFees.com v. Slattery, et al.

We launched this case in June based on the principle that Internet companies should be entitled to the same freedom of speech as more traditional businesses. We are representing ZeroBrokerFees.com, an Internet advertising service that allows homeowners and buyers to save potentially thousands of dollars by making it unnecessary to hire real estate agents when buying or selling a house. In New Hampshire, companies like ZeroBrokerFees com, unlike newspapers or other general circulation publications, are forced to become licensed real estate brokers in order to do business. This arbitrary discrimination hurts business and attacks the free flow of information that is so vital to American prosperity. We argue that website entrepreneurs should have the same right to publish for-sale-by-owner notices as newspaper publishers and that restricting information and shutting down innovative real estate businesses only gives customers fewer options and higher costs.

Salib v. City of Mesa

The Arizona Court of Appeals issued its opinion in May upholding the City of Mesa sign ordinance we challenged, which prohibits businesses in the downtown redevelopment area from covering more than 30 percent of their windows with signage. Several days after the decision, as we were in the process of discussing whether to file a petition for review in the Arizona Supreme Court, we discovered that our client, Edward Salib, had sold his doughnut shop. The sale of the shop took place after we argued the case, but before the decision by the Court of Appeals was issued. Believing our case to be mooted out by Mr. Salib's sale, we filed a notice of changed circumstances with the Arizona Court of Appeals along with a motion to vacate the opinion. If this motion is granted, the decision will have no value as a precedent in future cases. The City now has an opportunity to respond, we will be able to file a reply, and then the Court of Appeals will decide whether to grant our motion.

Amicus Briefs

- Rickert v. Public Disclosure Commission
- State ex rel. Washington State Public Disclosure Commission v. Washington Education Association
- Vermont Republican State Committee v. Sorrell
  Wisconsin Right to Life v. FEC

EDUCATION

Holmes v. Bush; Florida Education Association v. State Board of Education

The Florida Supreme Court struck down the Opportunity Scholarship program in January 2006 on the grounds that it violates a "uniformity" clause in the state constitution, which requires

the state to provide a "uniform, efficient, safe, secure, and high quality system of free public schools." School choice proponents in Florida immediately started working on a state constitutional amendment to clarify that nothing in the constitution is intended to limit the legislature's authority to enact school choice programs IJ and its allies also began at once to explore all options to save the scholarships of students who rely on them for the only good education they have ever known.

Winn v. Hibbs

A federal district court judge dismissed the American Civil Liberties Union (ACLU) of Arizona's challenges against the state's Scholarship Tax Credit program, but the ACLU of Arizona appealed to the Ninth Circuit When the ACLU challenged the program years ago in state court, the Arizona Supreme Court held that it was constitutional under the First Amendment and various state constitutional provisions. In this federal lawsuit, the ACLU of Arizona again attacked the program under the First Amendment. IJ has intervened, as it did in the state court case, on behalf of the program's beneficiaries. Briefing of the appeal is now complete, and we are waiting for the court to schedule oral argument.

Anderson, et al. v. Durham, et al.

In 2002 the Institute for Justice filed a lawsuit challenging Maine's exclusion of religious schools from its tuitioning program. This program allows parents in school districts that do not operate public schools to send their children to other districts' public schools or private schools using tuition money from their home school district. Maine eliminated the participation of religious schools in 1981, explaining that the federal Establishment Clause required their exclusion. The State continued to exclude religious schools even after the U.S. Supreme Court ruled in 2002, in IJ's case *Zelman v. Simmons-Harris*, that voucher programs are not a violation of the Establishment Clause. IJ is representing eight Maine families, arguing that the Supreme Court's decision makes clear that the Establishment Clause would not be violated by the inclusion of religious choices in Maine's program and that the continued exclusion of those choices violates our clients' federal constitutional rights. Though the Maine Supreme Court ruled against our clients this year, we will file a *cert.* petition to the U.S. Supreme Court in July

Form **8868**
(Rev December 2004)
Department of the Treasury
Internal Revenue Service

Application for Extension of Time To File an Exempt Organization Return

▶ File a separate application for each return

OMB No. 1545-1709

- If you are filing for an **Automatic 3-Month Extension, complete only Part I** and check this box ▶ [X]
- If you are filing for an **Additional (not automatic) 3-Month Extension, complete only Part II** (on page 2 of this form)

Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868

Part I — Automatic 3-Month Extension of Time - Only submit original (no copies needed)

Form 990-T corporations requesting an automatic 6-month extension - check this box and complete Part I only ▶ [ ]

All other corporations (including Form 990-C filers) must use Form 7004 to request an extension of time to file income tax returns Partnerships, REMICs, and trusts must use Form 8736 to request an extension of time to file Form 1065, 1066, or 1041

Electronic Filing (e-file). Form 8868 can be filed electronically if you want a 3-month automatic extension of time to file one of the returns noted below (6 months for corporate Form 990-T filers) However, you cannot file it electronically if you want the additional (not automatic) 3-month extension, instead you must submit the fully completed signed page 2 (Part II) of Form 8868 For more details on the electronic filing of this form, visit *www irs gov/efile*

Type or print	Name of Exempt Organization	Employer identification number
	INSTITUTE FOR JUSTICE	52-1744337
File by the due date for filing your return See instructions	Number, street, and room or suite no If a P O box, see instructions 901 NORTH GLEBE ROAD, NO. 900	
	City, town or post office, state, and ZIP code For a foreign address, see instructions ARLINGTON, VA 22203	

Check type of return to be filed (file a separate application for each return)

[X] Form 990	[ ] Form 990-T (corporation)	[ ] Form 4720
[ ] Form 990-BL	[ ] Form 990-T (sec 401(a) or 408(a) trust)	[ ] Form 5227
[ ] Form 990-EZ	[ ] Form 990-T (trust other than above)	[ ] Form 6069
[ ] Form 990-PF	[ ] Form 1041-A	[ ] Form 8870

- The books are in the care of ▶ THE ORGANIZATION
  Telephone No ▶ 703-682-9320 FAX No ▶
- If the organization does **not** have an office or place of business in the United States, check this box ▶ [ ]
- If this is for a **Group Return,** enter the organization's four digit Group Exemption Number (GEN) ____ . If this is for the **whole** group, check this box ▶ [ ] If it is for part of the group, check this box ▶ [ ] and attach a list with the names and EINs of all members the extension will cover.

1 I request an automatic 3-month (6-months for a **Form 990-T corporation**) extension of time until FEBRUARY 15, 2007 .
to file the exempt organization return for the organization named above. The extension is for the organization's return for:
▶ [ ] calendar year ____ or
▶ [X] tax year beginning JUL 1, 2005 , and ending JUN 30, 2006

2 If this tax year is for less than 12 months, check reason: [ ] Initial return [ ] Final return [ ] Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions $

b If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made Include any prior year overpayment allowed as a credit $

c **Balance Due.** Subtract line 3b from line 3a Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System) See instructions $ N/A

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.